



Working Together To Make Affordable, Quality Healthcare a Reality for All in Michigan

Initial Recommendations On Affordable Care Act (ACA) Exchanges

The ACA provides Michigan with an opportunity to design a health insurance marketplace that is affordable, accessible, transparent and responsive to consumers looking to purchase health insurance.

Michigan Consumers for Healthcare Advancement (MCHA) believes that the Exchange(s) developed for Michigan needs to help facilitate decision making for consumers looking to make informed choices about health insurance. As such, we view the Exchange(s) as a service organization that is approachable and understandable to those who use it. We also believe the State must develop policies to ensure that plans operating inside and outside the Exchange must follow the same consumer protections to maintain a level playing field and to avoid adverse selection issues.

The following recommendations reflect MCHA's priorities on how the Exchanges should operate in Michigan.

- **Recommendation 1** – Michigan should develop and implement its own Exchange(s).

Rationale: A Michigan Exchange offers the state and its consumers the greatest opportunity to have an entity that can respond to any issues and priorities unique to Michigan. MCHA remains neutral, at this time, on the question of two Exchanges (one for individuals and one for small business).

- **Recommendation 2** – Michigan's enabling legislation should be written to encompass all aspects of the ACA and provide broad implementation authority, not detailed in a manner that would prohibit changes in needed services/processes or slow down their implementation with a requirement for legislative approval.

Rationale: The State needs to have the capacity to be nimble in implementing the ACA on behalf of its consumers.

- **Recommendation 3** – The Exchange should be an independent Authority whose purpose would be to ensure the integrity of the insurance oversight function, enrollment and other functions specified by the ACA.

Rationale: For Michigan consumers to have trust in the Exchange, it must be free of unwarranted political interference and undue self interests. For example, it should not be in a position of having to make choices about health insurance as compensation for employees, but rather exist to ensure value to all consumers in the health plans offered by the Exchange.



- **Recommendation 4** – The governing body of the Exchange should be a manageable number to fulfill the duties required and should include a substantial number of consumers.

Rationale: A very large body may be burdened by the inability to make decisions on a timely basis.

- **Recommendation 5** – Representatives of the insurance and provider industries shall be prohibited from serving as voting members of the governing body. Representatives of these industries may serve as non-voting members, and the total number of their representatives shall be no more than 50 percent of the voting members.

Rationale: The voting members cannot be overwhelmed by the positions of industry representatives.

- **Recommendation 6** – The Exchange must have a robust Conflict of Interest Policy for voting members of the governing body.

Rationale: Such a policy will assure consumers that decisions made by the Exchange will not result in an uneven playing field for consumers or providers.

- **Recommendation 7** – All members (voting and non-voting) of the governing body shall be required to participate in a substantial orientation process.

Rationale: It is critical that all participants understand the intricacies of a health care system and the needs of its consumers.

- **Recommendation 8** – The Exchange must certify all health care plans in the Exchange. The certification process must outline the penalties for non-compliance with certification standards.

Rationale: Certification and penalties for non-compliance will decrease the possibility of adverse selection among the insurance carriers. The certification process should ensure that only health care plans providing good value (to be defined) are permitted to sell in the Exchange, and that the available options are readily comparable and not overwhelming in number.

- **Recommendation 9** – The Exchange enabling legislation must be built on a sustainable financial model.

Rationale: Sustainability is a requirement of the federal law.

- **Recommendation 10** – The Exchange must be designed to facilitate enrollment in private coverage or Medicaid/MiChild, and seamless movement between the private and public plans as individual/family incomes fluctuate between private coverage with subsidies and public coverage eligibility. To minimize potential disruptions and gaps in coverage, those who become Medicaid/MiChild eligible should maintain that coverage for no less than 12 months.

Rationale: The ACA requires a single application, coordination and easy enrollment for those eligible for private plans with premium/cost sharing subsidies or those eligible for Medicaid/MiChild.

- **Recommendation 11** – Exchange functions should be tested with diverse consumers before implementation to ensure proper functioning and that consumers' needs and safeguards are both properly addressed and met.

Rationale: Due to the complexity of the Exchange design, unintended consequences could result from design decisions that might not be readily apparent.